

DEPARTMENT OF HUMAN RESOURCES
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Ref: Legislative Analyst Issue #1
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Analyst's Issue #1:

THE DEPARTMENT SHOULD BRIEF THE COMMITTEE ON HOW IT INTENDS TO RESPOND TO THE PROPOSED CHANGES IN THE TANF PROGRAM.

Department's Response:

The Department agrees with the Analyst's conclusion that Maryland has a significant challenge ahead in meeting the new work participation rates related to the Temporary Assistance to Needy Families (TANF). We also appreciate the mentioning of the steps we have taken and successes we have had in improving the rates over the past two years.

We note that as of the writing of this response, the U. S. House of Representatives has not passed the Senate version of the bill. While it is very late in the legislative process, we are aware of attempts to modify its TANF provisions either before or after passage of the bill.

Nevertheless, the day after the Senate passed its version of the bill; we were in contact with the Department of Budget Management (DBM) to explain its provisions and how they would affect our budgetary needs. We also briefed the Senate Finance Committee on these changes on January 12, 2006.

Since this legislation occurred very late in the State budgetary cycle, these needs have been deferred for consideration in a Supplemental Budget Request that, we have been advised by DBM, will be introduced later. We are currently in discussions with DBM about these needs. We will be happy to discuss the Supplemental Budget Request once it is introduced by the Governor.

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Analyst's Issue #2:

DHR SHOULD BRIEF THE COMMITTEES ON ITS PLAN FOR UTILIZING THE TANF BALANCE.

Department's Response:

The TANF balance puts the Department in an advantageous position to meet the new provisions of the imminent TANF Reauthorization and to continue to address the unfunded TANF receivable. In addition, the Department believes it is prudent to maintain a portion of the TANF surplus as a contingency against caseload increases in the Temporary Cash Assistance (TCA) program or to cover any shortfalls in the years after FY 2007.

The Department will first use the projected surplus noted in Analyst's Exhibit 1, page 14, to cover any shortfalls in the years after FY 2007 as well as a contingency against caseload increases in the Temporary Cash Assistance (TCA) Program. Beyond that, as was noted in the Department's response to Issue #1, Maryland has a significant challenge ahead in meeting the new provisions in the imminent TANF Reauthorization. Some of these challenges can be budgeted. Also, as noted in our response to Issue #1, we are currently in discussion with DBM about these challenges, which will be considered in the Supplemental Budget Request. We will be happy to discuss the needs in that request once it is introduced by the Governor.

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Analyst's Issue #3:

TO ALLOW FOR CONTINUED MONITORING OF DHR'S TANF EXPENDITURES, THE DEPARTMENT OF LEGISLATIVE SERVICES RECOMMENDS THE FOLLOWING COMMITTEE NARRATIVE: QUARTERLY REPORTS ON TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) SPENDING.

Department's Response:

The Department agrees with the Analyst's recommendation and will continue to submit quarterly Temporary Assistance to Needy Families (TANF) reports that track expenditures by budget code, obligations by budget code, and the TANF balance available at the end of each quarter.

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Analyst's Issue #4:

THE DEPARTMENT SHOULD BRIEF THE COMMITTEES ON ANY MEASURES IT IS TAKING TO ENSURE THAT ELIGIBLE MOE SPENDING IS IDENTIFIED AND DOCUMENTED.

Department's Response:

The Department has taken several steps to ensure eligible Temporary Assistance to Needy Families (TANF) maintenance of effort (MOE) spending is identified and documented. Last year, the Department worked with local governments, state agencies and other states to identify possible sources of MOE. These items were included in the revised TANF State plan and the Department's cost allocation plan. The Department anticipates the new TANF State plan to be accepted as complete by the U.S. Department of Health and Human Services in the next 30 – 60 days. The Department continually monitors MOE expenditures throughout the year to ensure it meets the MOE requirement.

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Analyst's Issue #5:

THE DEPARTMENT SHOULD BRIEF THE COMMITTEES ON WHEN IT EXPECTS THE NEW TANF STATE PLAN TO BE APPROVED AND WHAT EFFORTS IT IS MAKING TO IDENTIFY OTHER SOURCES OF FUNDS TO RESOLVE THE TANF AND TITLE IV-E UNFUNDED RECEIVABLES ISSUES.

Department's Response:

The Department anticipates the new Temporary Assistance to Needy Families (TANF) State plan to be accepted as complete by the U.S. Department of Health and Human Services (HHS) in the next 30 – 60 days.

Last fiscal year, the Department reduced the \$34.6 million unfunded receivable by \$9.6 million by using the TANF balance and general funds. The Department is committed to eliminating the remaining balance over a three-year period, beginning in FY 2006, by taking the following steps:

1. Identifying general fund expenditures that can be funded with Federal TANF dollars and/or count toward the State's TANF MOE requirement.
2. Working with DBM to identify additional general funds.

The Department is taking a proactive approach to addressing the potential findings related to the claiming of Title IV-E administrative and training funds by working with the U.S. Department of Health and Human Services to resolve outstanding issues:

- Last year, the Department formed a working group to ensure the Department meets Federal rules and regulations.
- The working group met with HHS Region III on several occasions and is in the process of implementing changes agreed to by HHS Region III and the Department.

Once the Office of Inspector General (OIG) releases the audit report, the Department will review its contents and work with the Federal government and the Department of Budget and Management to address any unfunded receivable.

Because the Department has been proactive in addressing Federal funding issues, HHS Region III views the Department as a leader in grants management and has asked the Department to provide technical assistance to other states in the Region. In February, representatives from the State of Virginia will visit the Department for guidance on the management Federal funds, including cost allocation and the claiming of Title IV-E funds.

In addition, the Department is pleased to note that it successfully completed the secondary review of its Title IV-E program. The purpose of the review was to ensure Maryland was in compliance with Federal eligibility requirements and that payments were made on behalf of eligible children to eligible foster care providers. The results demonstrate a dramatic improvement when compared to the initial review in 2002.